



By John McGlasson - GJD Contributor

For those who don't know what Soundscan is, it's actually owned by Nielsen, the company that does the TV ratings.

Soundscan began innocently enough; the industry needed a reliable means of tracking retail store scans of music to make sure everyone was properly credited, and as a way to accurately track sales regionally. Since labels are notorious for inflating their sales figures, Soundscan offered a way for everyone in the industry to see everyone else's numbers and try to keep everyone else (more) honest.

More than that, it was a way for bands to verify their show sales as a part of their greater overall sales picture, when previously they were not considered since they were impossible to verify. And while bands can and do inflate their actual show CD sales numbers, if it was to any great degree, Soundscan would make them verify their numbers. The process involves sheets that must be filled out for each show, signed and dated by the road manager and the venue manager, with contact info, etc., and then sent to Soundscan. Now that bands do most of their CD sales at the show, it's become even more important to have a credible way to verify their show sales.

But at a price, a hefty one. First, you have to subscribe, and there are varying levels of membership, and what you have access to. Since you have to talk to a salesperson to get current rates, and I don't want to waste their time and not buy anything (it's just rude), I'm going by the rates I got a little over a year ago the last time I subscribed. To access your own numbers and nobody else's, it was \$500 per quarter for this service. To have full-access to everyone's Soundscan numbers was a mind-warping \$12,000 per quarter.

Once we signed with a distributor, this was a service that was added into our fees, though it was \$500 per year instead of per quarter. This didn't mean we had access to our numbers through the Soundscan site, it meant we were paying our distributor for the privilege of seeing our own accounting they produced using our Soundscan numbers, we had no way to verify them other than to subscribe to Soundcan ourselves, though we'd still have to pay the distributor for it too. I did this for a year and simply couldn't justify the \$2000 it cost.

As time went on, I saw that Soundscan is a crutch for old-world, middleman-style distribution. From the day you're charged the fee for these numbers through your distributor, your distributor is profiting. Simply look at the \$48,000 yearly Soundscan full-access subscription fee they pay, add up how many labels the distributor has under it's umbrella (or black cape), and take that

times \$500 per year, and chances are a mid-sized distributor like our former one is actually making more than the subscription fee they pay, meaning the labels are overcharged for the service.

More than that, distributors are basing their payment to labels upon Soundscan retail numbers, but Soundscan has proven itself a completely inaccurate, outdated way of gathering sales information in the modern music industry.

When we released Backyard Tire Fire's fourth album exactly one year ago, we dealt directly with indie record stores across the US to get them to order the new disc from our distributor, and we learned two very valuable things; 1) our distributor was doing nothing to promote this release among indie (non-chain) record stores, since we were, in most cases, the first to let them know of the new album, and 2) These non-chain stores don't report to Soundscan.

The majority of the stores carrying our stuff and ordering it through our distributor didn't even report to the very means our distributor uses to chart our sales trends, returns projections, and in turn payment.

This has allowed distributors to sit on millions in cash that they clearly owe labels for sales that took place long ago but are untrackable. They claim these CDs are at "high risk for return" since they've been on the shelves so long, which defies the realities of the current industry; stores barely give titles any time to sell anymore! They return unsold CDs weeks after the release now.

There's no way to make the case that a CD released a year ago is still sitting on any shelf as far as a retail setting, the fact is our stuff sold very well in stores that simply don't report to Soundscan. Our returns remain incredibly low, even after a recall was sent out after we recalled all titles. This tells me they sold.

In our case, I signed a contract that allows the distributor to retain half the money for every CD they ship for 18 months to allow for return. The other half is usually applied to the long loooooong list of fees they charge you for, most of them outright scams like \$250 per title to be in their catalog that they send out to stores, along with \$500 for "convention representation", one of the greatest distribution scams of all time, since it means you pay \$500 for your distributor's sales reps to spend luxurious, fun-filled weeks schmoozing with reps from sinking ships like Tower and Borders. They never have to prove exactly how your titles were represented at these gatherings, and when I asked to see a copy of the catalog we were charged for, they chose to subtract the charges rather than send me one, meaning they were caught red-handed. We were never represented by our distributor in any way, they're nothing more than an outsourced shipping department that also seizes your accounting and holds your money, usually for use elsewhere, perhaps on their own label? All too common.

So why does all this bother me so much when I signed the contract and knew what I was getting into? After all, distributors are very careful to promise nothing, because they don't want you to be surprised when that's what you get. The problem is, while these contracts allow for what they're doing, the contracts like ours usually allow the distributor to use their own scrutiny

to determine if payment should be made for an order before the 18 month retention period, and the sole use of Soundscan numbers to make these determinations provides a completely false picture of a small label's sales picture, and with the clear-as-day impending doom of middleman-style distributors, we get the feeling they're just prolonging payment until their inevitable bankruptcies, when labels like ours will be the last to be paid, or first to be screwed. They could and should pay us now, but they're allowed to use an outdated reporting system to conveniently keep our money for their own use. Every day we don't get paid is another day closer our former distributor comes to bankruptcy. Thanks for reading

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is a life-long guitarist, producer, and founder of
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